Restructuring

TVA and National Energy Policy

President Bush established the National Energy Policy Group and challenged it to "develop a national energy policy designed to...promote dependable, affordable and environmentally sound production and distribution of energy for the future."

Specifically, the group developed a National Energy Policy that addresses six key areas:

- 1) Protection of America's environment
- 2) Wise use of energy
- 3) Energy technology for a new century
- 4) Use of renewable and alternative energy sources
- 5) America's infrastructure
- 6) Strengthening of global alliances

TVA is well-positioned as a federal corporation and the nation's largest public power provider to help achieve many of the recommendations in the National Energy Policy. TVA's Chairman, Glenn L. McCullough, Jr., was selected by Secretary Spencer Abraham in 2001 to serve on the Department of Energy's newly established Electric Advisory Board, along with 39 other electric utility leaders and representatives from all segments of the electricity industry. This advisory group was established under the Federal Advisory Committee Act to provide advice on challenging issues facing the industry.

TVA's challenge in the 21st century is to maintain the balance between its mission of supplying reliable, affordable electric power and its duty as a steward of the region's natural resources. TVA frequently serves as a "living laboratory" and national demonstration organization for the U.S. As such, TVA supports the National Energy Policy in the following ways:

- Continuing to actively promote the wise use of electricity both in residential programs and the efficient operation of power production facilities, and to invest in energy efficiency research.
- Maintaining an aggressive effort to modernize and upgrade TVA's transmission infrastructure to
 ensure continued reliability, helping to investigate the use of high-voltage DC transmission
 lines in the creation of an "interstate highway system" for transmission, and proactively
 planning for future needs.
- Acting as a living laboratory for the use of renewable energy sources through cutting-edge
 modernization of more than 360 megawatts hydro capacity, developing advanced power cycle
 technology to recover waste heat, and continuing to be instrumental in implementing
 geothermal heat-pump projects.



- Continuing to develop and use a diversified fuel mix of energy resources, enabling TVA to
 meet ever-growing power demands in the Tennessee Valley, and continuing to pursue the use
 of clean-coal technology.
- Protecting the environment by continuing to install air-pollution control equipment at its
 plants, thereby reducing output of pollutants, and offering expertise in implementing
 emissions reductions plans.
- Sharing expertise in energy and watershed management throughout the world, continuing to work with governments around the world to develop integrated resource management plans, and providing consulting services in river management, carbon sequestration, and the use of biofuels with other entities around the globe.

As a federal corporation, and the nation's largest public power provider, TVA reflects the nation's strengths and challenges in developing a strategy for providing reliable, affordable and environmentally sound energy. The nation's challenges are TVA's challenges, and its work is laying a foundation to support the National Energy Policy.